

Thursday December 10, 2020

Insurers welcome passage of Financial Sector Reform Bill

The Insurance Council welcomes the passage today through Federal Parliament of the Financial Sector Reform (Hayne Royal Commission Response) Bill 2020. Since early 2019, the Insurance Council and its members have been working with the Government and regulators on implementation of the Royal Commission recommendations relating to general insurance.

Passage of the legislation now provides insurers with the certainty needed to put in place new processes and systems to bring the benefits of these reforms to consumers.

Insurance Council CEO, Andrew Hall said:

“The Insurance Council and its members now look forward to working with Commonwealth Treasury, ASIC, and other groups such as consumer advocates to bring these reforms to life.

“There are practical implementation issues that we are keen to see resolved so the legislation can maximise consumer outcomes as effectively and quickly as possible.”

While most of the new requirements build on existing obligations, for example in regard to claims handling, the restrictions on unsolicited sales of general insurance and stronger disciplines on compliance with the General Insurance Code of Practice should improve consumer confidence in the value and utility of insurance as an important tool to protect family and business assets

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ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. ICA members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance). September 2020 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$51.8 billion per year and has total assets of \$136.5 billion. The industry employs approximately 60,000 people and on average pays out about \$171.4 million in claims each working day.

Over the 12 months to the end of September 2020 the industry's net profit after tax (NPAT) was \$0.9 billion - a 73 per cent decrease from the prior year's NPAT of \$3.4 billion. The industry's underwriting result was \$1.6 billion, falling by 16 per cent from \$1.9 billion in the prior year. <http://www.insurancecouncil.com.au/about-us>